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Soviet spies proliferate here; Senate panel told U.S. is lax

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Soviet spies in the United States, who the FBI call "more numerous, sophisticated and aggressive than ever before," have a massive pool from which to recruit because the government is handing out security clearances too freely, a Senate subcommittee was told yesterday.

Some 4 million Americans hold clearances to handle government secrets, including, according to some Pentagon documents, thousands of immigrants from communist countries, though there is no reliable way of verifying their background information.

The way the government hands out clearances is often a haphazard, fragmented process, members of the Senate Permanent Subcommittee on Investigations were told.

Bill W. Thurman, deputy director of the General Accounting Office, said investigators at the Pentagon, the Office of Personnel Management, the FBI and his own agency sometimes do an inadequate job of checking backgrounds of U.S. citizens seeking clearances, because of huge backlogs.

For example, inadequate security checks were made on Greek native P. Takis Veliotis before he took charge of General Dynamics Corp.'s contracts for Trident and other nuclear attack weapons constituting a substantial portion of the American strategic weapons capability, according to Fred Asselin, a subcommittee investigator.

Mr. Veliotis has fled the country in connection with his indictment in an alleged \$2.7 million kickback scheme.

Despite discrepancies found by U.S. agencies in his background check, the Defense Department reduced the facility clearance of a Quincy shipyard from top secret to secret so General Dynamics would not be violating national regulations.

A similar downgrading of security status happened at the Electric Boat shipyard in Groton, Conn., when Mr. Veliotis became its general manager.

In 1973, Mr. Veliotis made a trip to the Soviet Union and failed to report it to federal authorities, Mr. Asselin said. When the Energy Department found out about the trip he was not questioned about it and was given an additional high-level security clearance, he said.

Mr. Veliotis' employment form is missing from the firm's files, according to information given to Mr. Asselin.

The FBI has not cooperated with the subcommittee in the Veliotis investigation, Mr. Asselin said, but later an FBI official said they would give reasons in writing for not handing over the file to the committee.

Testimony also revealed yesterday that severe staff shortages exist at the Defense Industrial Security Program in the face of requests from contractors for as many as 26,000 clearances per month.

Many of those requesting clearances are plumbers, electricians and custodial personnel who have no need for the special clearances.

Phillip A. Parker, deputy assistant director of the FBI's intelligence division, estimated that about 30 percent of the 2,584 communist country officials working in the United States are known to be or are suspected of spying.

Today, OPM director Donald Devine and others are scheduled to testify before the committee on their methods of clearing workers to handle government secrets.